
EVALUATION OF THE VILLAGE FINANCIAL ASSISTANCE PROGRAM

(BANTUAN KEUANGAN PEUMAKMU GAMPONG, BKPG)

IN ACEH PROVINCE

Background and rationale

The province of Aceh has made impressive strides towards recovery and rehabilitation in the past decade. The devastating tsunami of 2004 and the signing of a Memorandum of Understanding (MoU) between the Free Aceh Movement (GAM) and the Indonesian government capped decades of violence and unrest that left Aceh as one of the poorest provinces in Indonesia. The post-conflict period has seen the political space open under the special autonomy granted to Aceh to combat long-running economic problems and high rates of poverty. The province's rates of poverty and unemployment nevertheless remain above the national average. In particular, the poor in Aceh's villages (known in Acehnese as *gampong*) have been relatively left behind, even as economic growth has reduced poverty rates in the province's urban areas.

The Government of Aceh has implemented its own version of the National Program for Community Empowerment (PNPM), the nationwide program aimed at poverty reduction and community-driven development. The Village Financial Assistance Program (*Bantuan Keuangan Peumakmu Gampong*, BKPG) began in 2009. Through the BKPG program, the Government of Aceh intends to accelerate development and poverty reduction while strengthening the capacity of village governments to deliver needed services. The program is financed through the Special Autonomy fund granted to Aceh as part of the 2005 peace agreement; since 2007, Aceh has received additional revenue from special autonomy funds and revenues from the oil and gas sector in the province.

In the period of 2007–2012, BKPG disbursed over 1.5 trillion rupiah (around \$120 million USD) for a wide variety of activities, with a focus on village infrastructure improvements, savings and loans activities for women's groups, education and health programs, and the strengthening of village government. In 2013, 70 million rupiah were allocated for each of 6,464 villages in the province. Unlike the national version of PNPM, BKPG provides the same financial allocation for each village in Aceh.

In order to evaluate the performance of BKPG, SurveyMeter in collaboration with PSF/CPDA conducted a survey in 2013. The survey was conducted with the aim of assessing program utilization, the overall effectiveness of the program, and the perceptions of Acehnese villagers of the program. 600 households were selected using a cluster sampling method from twenty households in 30 villages in Aceh.

This report presents results from the survey that highlight awareness of BKPG, utilization of the program, and perceptions of the program, among different groups in society.

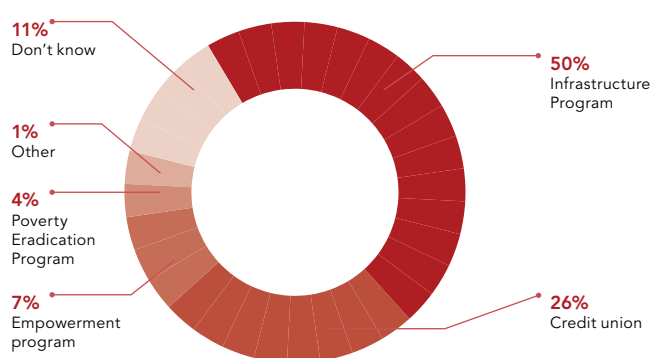
Awareness of BKPG and program meeting attendance

Survey respondents were first asked about their awareness of the BKPG program. Among the 600 survey respondents, 63% had heard of BKPG while 5% had heard of the program but weren't sure of what it was. These results are in line with findings on PNPM outside Aceh, such as the World Bank 2011 Household Social Economic Study, which found that 67% of survey respondents were aware of PNPM.

However, there were significant gender differences in awareness of the program: 51% of female respondents had heard of BKPG and 7% had heard of it but not where sure what it was, while 76% of male respondents had heard of BKPG and 3% had heard of the program but weren't sure what it was.

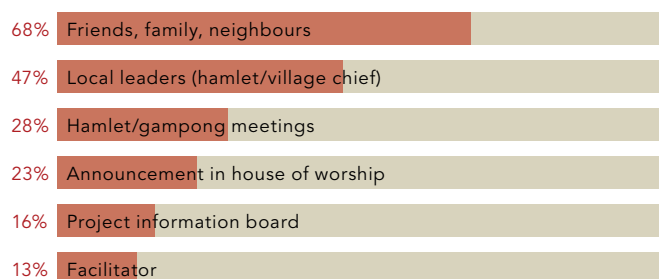
Given the various activities funded through BKPG, responses to survey questions about what type of program BKPG was (among those who reported knowing about BKPG) showed greater variety. Figure 1 shows the different perceptions about the role of BKPG; while the figure shows individual percentages of BKPG's role, many respondents identified more than one role for the program.

Figure 1: Perceptions of the role of BKPG



The survey also reports on how individuals came to learn about BKPG. Dissemination of information about the program appears to have been successful: of the 408 respondents who had heard of BKPG, almost half (49%) reported hearing about the program through more than one source, and 25% had heard about the program through three or more sources. As Figure 2 below shows, the most common way that respondents heard about the program was through social networks, including friends, family and neighbours (68% of respondents).

Figure 2: Where respondents heard about BKPG

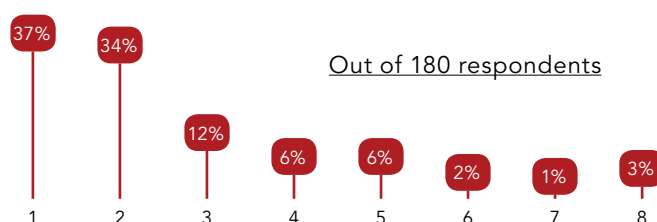


Meeting attendance and quality of participation

Although a majority of respondents were aware of BKPG, attendance of BKPG meetings was lower than other forms of community participation in local villages. 32% of the total sample reported attending a BKPG meeting in the last year. Among those who had heard of BKPG, half (51%) had attended at least one BKPG-related meeting in their village. Other forms of community participation were much higher; 75% of all survey respondents reported participating in collective village work (*gotong royong*) in the last three months. The survey does not report whether participants were directly involved in the construction or provision of BKPG projects themselves.

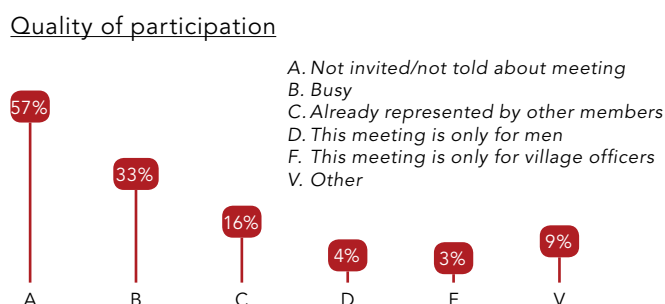
As shown in Figure 3 below, even among those who reported having attended BKPG meetings, a large majority (71%) attended only one or two meetings. Gender differences were also apparent in meeting attendance: 45% of male respondents had attended at least one meeting of BKPG, while 18% of female respondents had attended at least one meeting of BKPG.

Figure 3: Number of BKPG meetings attended



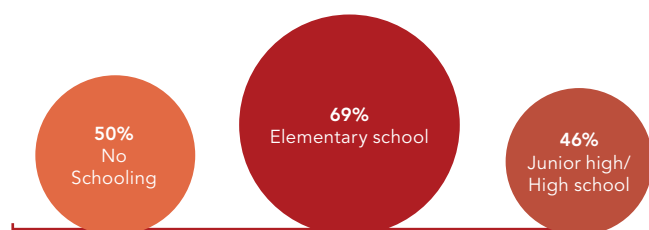
Among who had not attended BKPG meetings, the most common reason for not attending was lacking an invitation or not being told about the meeting. Figure 4 shows the reasons given by the 215 respondents for never attending a meeting.

Figure 4: Reasons for not attending BKPG meetings



The quality of participation by respondents in BKPG meetings was slightly higher than has been reported in other PNPM contexts. While 53% of respondents who had attended a BKPG meeting reported their activity during the meeting was “only listening,” 30% reported asking a question and 38% that they had provided an opinion (the latter two including respondents who had reported engaging in more than one type of activity in the meeting). However, active participation was not distributed equally across respondents. This variation is apparent across levels of education, as seen in Figure 5 below:

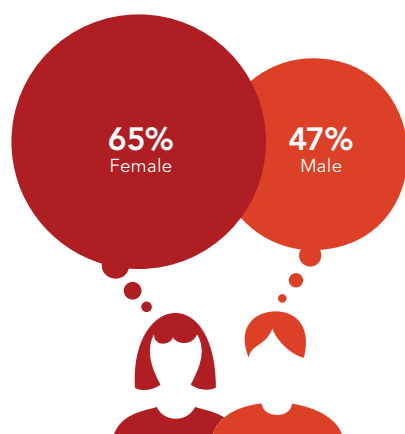
Figure 5: Percentage who report “only listening” during BKPG meeting, by education



Note: The one respondent with a university degree who reported “only listening” is omitted from the graph.

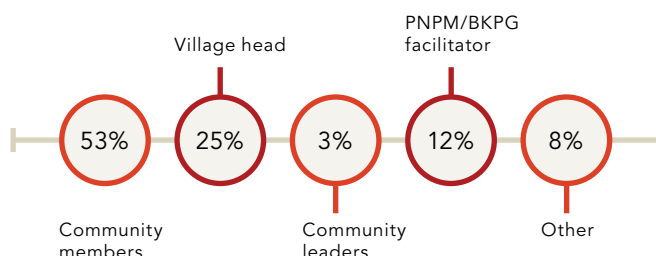
As noted earlier in this section, gender differences were apparent in the number of men versus women who attended meetings. These differences are also apparent in how attendants participated: 65% of women who attended BKPG meetings reported “only listening” compared with 47% of men.

Figure 6: Percentage who report “only listening” during BKPG meeting, by gender



In BKPG meetings attended by survey respondents, community members were seen as comprising the most important group of decision makers. Community members were seen as most influential in deciding on types of project activity, beneficiaries, cost calculations, and plans for BKPG projects, as shown in Figure 7 below.

Figure 7: Decision makers in BKPG meetings



Reported benefits from BKPG projects

Respondents were asked whether they had received direct or indirect assistance from community assistance programs, including BKPG, but also of direct cash transfers (BLT), PNPM, subsidized health care (Jamkesmas), and other government programs. The most common response was that they had received assistance from the government (48%). Both the question of assistance and where the respondent thought the assistance came from allowed multiple answers; the second-most commonly reported assistance came from a combination of the government and BKPG (21%). Only 3% of respondents reported that the assistance they received was solely from BKPG; this result is perhaps not surprising given that multiple programs, including BKPG, operate at the village level.

The survey also asked respondents about particular BKPG projects located in their hamlet and whether their household had benefited from them. Of those who were aware of the projects, an average of 73% of respondents reported that the BKPG project/activity was beneficial to their household. However, if only considering the first BKPG project asked about, households reported benefits of 82%. The number of respondents reporting awareness of projects drops significantly after the first two to three projects on the list; this could mean that the best known or most prominent BKPG projects in that hamlet were listed first.

Respondents reported direct benefits to their households at roughly equal rates between female and male-headed households. Table 1 below shows that the perception of direct household benefits did not differ significantly across male- and female-headed households.

Table 1: Benefits to respondents' household from particular BKPG projects, by gender of household head

| | Female-headed households | Male-headed households |
|--|--------------------------|------------------------|
| Opening/facilitating access to transportation | 59% | 54% |
| Protecting village from flooding/landslides | 36% | 31% |
| Better/cleaner environment | 29% | 31% |
| Facilitating business | 16% | 21% |
| Increasing business capital | 8% | 13% |
| Other | 8% | 9% |
| Healthier community | 4% | 5% |
| Better sanitation | 2% | 7% |
| Reducing daily workload | 1% | 3% |
| Providing clean water | 1% | 1% |
| Reducing daily workload to obtain basic needs | 0% | 2% |
| Reducing conflict with neighbouring household or village | 0% | 0% |

However, when respondents are stratified by the education level of the household head, some divergence can be seen. The majority of respondent households are headed by an individual with an elementary school education (45%), followed by household heads with a high school education (20%). Households headed by an individual with high school and post secondary education were more likely than those without any education to report better transportation access, better protection from flooding/landslides, and a better/cleaner environment as a result of BKPG programs. Household heads without any education and household heads with postsecondary education comprise 8% and 9% of the respondent pool, respectively.

BKPG and female-headed households

In Aceh, the situation for female-headed households has particular historical resonance: while concrete numbers are difficult to come by, the 30-year conflict between GAM and the Indonesian military led to one estimate of 100,000 "war widows" by the period of 1994-1998.

Sixty survey respondents in this survey, or 10% of all the survey respondents, were from female-headed households. Of this group, the vast majority (95%) reported receiving aid or using an aid program, such as BKPG, PNPM, subsidized rice (Raskin), or using Indonesia's subsidized healthcare program for the poor (Jamkesmas). Aceh was one of the first regions targeted by the World Bank-funded program PEKKA (The Female-Headed Household Empowerment Program), which aimed to address poverty and social empowerment among war widows in Indonesia's conflict regions. However, the survey did not ask specifically about aid from or involvement with PEKKA activities.

Female-headed households in the survey were characterized by lower levels of education than male-headed households: while 6% of male household heads reported never having been educated and 43% reported an elementary school education, 20% of female household heads reported never receiving education, and 62% had education up to elementary school.

30% of this group reported receiving assistance from BKPG, and 21% received assistance from PNPM. Awareness of BKPG among all female-headed households, however, was slightly lower than that of the full sample; 50% had heard of BKPG, while 8% had heard of BKPG but weren't too sure about it. 18% had attended a BKPG meeting, and the median number of meetings attended by this group was two.

Table 2: Benefits to respondents' household from particular BKPG projects, by education level of household head

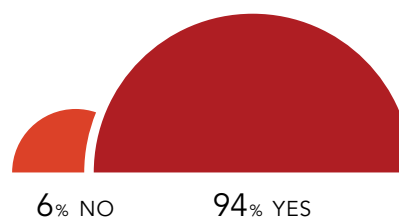
| | No education | Elementary school | High school | Post secondary |
|---|--------------|-------------------|-------------|----------------|
| Opening/facilitating access to transportation | 49% | 54% | 65% | 64% |
| Protecting village from flooding/landslides | 19% | 34% | 32% | 42% |
| Better/cleaner environment | 16% | 32% | 33% | 42% |
| Facilitating business | 30% | 20% | 12% | 20% |
| Increasing business capital | 13% | 8% | 12% | 16% |
| Other | 10% | 7% | 7% | 6% |
| Healthier community | 0% | 5% | 5% | 10% |
| Better sanitation | 7% | 10% | 6% | 9% |
| Reducing daily workload | 0% | 3% | 0% | 3% |
| Providing clean water | 0% | 2% | 1% | 0% |
| Reducing daily workload to obtain basic needs | 4% | 1% | 2% | 8% |
| Reducing conflict with neighboring household or village | 0% | 0% | 0% | 0% |

Note: These results reflect the first three BKPG projects about which respondents were asked a series of questions.

Perception of benefits from BKPG projects

The survey found very high levels of respondents reporting that the BKPG is aligned with their village's needs, with 94% of respondents who are aware of BKPG answering in the affirmative.

Figure 8: Are the programs run by BKPG aligned with villagers' needs and interests in this gampong?



However, knowledge of the extent of BKPG activities is limited. When read a list of BKPG-funded projects in their hamlet, 77% of survey respondents knew about those projects. However, when queried whether they knew that the projects were in fact funded by BKPG, only around half (49%) of respondents reported being aware of BKPG funding, as Figure 9 shows.

Figure 9: Awareness of BKPG funding for particular projects reported by respondents



Despite this, BKPG projects are seen as having widely dispersed benefits. As Figure 10 shows, more than one third of survey respondents (36%) perceived that BKPG projects benefited the entire village, rather than any particular group. 29% saw projects as only benefiting those near the project. Finally, 44% of these respondents saw the BKPG project in their village as benefiting more than one group in their community.

Figure 10: Perceptions of who enjoys the most benefit of particular BKPG projects



Conclusion and recommendations

The main findings from this report are summarized below, followed by three recommendations for the implementation of the new village law:

- BKPG has been successful in producing infrastructure and projects that are perceived to benefit villages in Aceh as a whole and those living in close proximity to the project.
- While respondents held favourable views of BKPG, 49% of respondents did not know that particular projects in their villages were funded by BKPG, suggesting that the program's functioning on a day-to-day basis is less well known.
 - The finding in this survey that respondents perceive villagers living in proximity to projects as the second largest group most benefiting from BKPG should be explored more. It is possible, as suggested by Olken (2010), that the *location* of infrastructure provision through CDD processes is just as important as its type.
- Community engagement with BKPG has been lower than other forms of village-level participation. While 32% of respondents had attended a BKPG meeting in the last year, 75% reported participating in collective village work (*gotong royong*) in the last three months. This finding suggests that BKPG program activities remain outside "ordinary" community engagement by villagers.
- In line with other findings from PNPM studies and the larger literature, the survey results illustrate the tension in CDD programs in providing benefits for the whole village while being attentive to the needs of marginalized groups in the village:
 - Survey respondents perceive the benefits of BKPG to be targeted to the village as a whole, and do not see marginalized groups or poor households as the beneficiaries of the program;
 - Female-headed households are less likely to be aware of, and participate in, BKPG projects;
 - Education and gender disparities condition the quality of participation, leading to more passive attendance of meetings for female-headed households and community members with less education.

In considering how the new village law will be implemented, this note makes three recommendations:

- The survey found that participation rates fall sharply for most villagers beyond one or two BKPG-related meetings. While the reasons for drop-offs in participation cannot be deduced from survey data, it suggests that many villagers face strong incentives (due to opportunity costs, societal norms, or other factors) to pursue limited engagement with participatory projects. In considering how to design the participatory aspects of the village law, the plebiscite model proposed by Olken (2010) may be appropriate to ensure that broad-based participation takes place. In this model, villagers vote on which projects to fund, ensuring that burdens on villagers for intensive participation are not increased, while expanding the opportunity for less time-intensive engagement.
- Relatedly, the survey results point to the importance of community leaders in Aceh as a key source of information about community programs, and as being a significant player in making decisions within meetings about project priorities. These results point to a need to target community leaders (hamlet/village heads) for training in budgeting and responding to village needs, as well as further research that illuminates the types of incentives community leaders face in deciding how to allocate funding and respond to different village needs.
- The findings from the survey, consonant with findings on PNPM in other contexts, is that BKPG is perceived as a general infrastructure development project. Given the social pressures operating on more marginalized households, it is not clear that inducing greater amounts of participation among those groups within the existing framework of BKPG/PNPM will necessarily lead to better outcomes. Evidence suggests that the outcomes from these programs target the particular priorities or needs of marginalized communities. Implementation of the new village law may benefit from programs (similar to PEKKA) that target those communities, while being sensitive to the social dynamics and opportunity costs faced by poor and female-headed households to directly participate.